

EBSA News



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Labor Department Proposes Amendment To Exemption on Securities Lending

WASHINGTON, D.C.--The U. S. Department of Labor's Employee Benefits Security Administration today announced a proposal to amend and consolidate two class exemptions involving securities lending between employee benefit pension plans and banks and broker-dealers.

The proposed exemption, which consolidates two existing class exemptions, would permit securities to be loaned to United Kingdom banks and broker-dealers and expands the permitted collateral in securities lending transactions to include the currency of the United Kingdom, the Euro, sovereign debt of member countries of the European Monetary Union and irrevocable letters of credit by a United Kingdom bank. The proposed revisions will assist pension plans in lending securities from their portfolios to banks and broker-dealers as a way to earn additional plan income and to pay plan fiduciaries for services related to securities lending.

The Employee Retirement Income Security Act gives the Labor Department authority to grant an exemption from the law's prohibited transaction provisions. The Department grants class exemptions when it determines that the exemption is in the interest and protective of the rights of benefit plan participants and beneficiaries.

Comments on the proposal or requests for a hearing should be submitted to the Office of Exemption Determinations, Employee Benefits Security Administration, Room N-5649, U. S. Department of Labor, 200 Constitution Ave., NW, Washington, D.C. 20210 by email to moffitt.betty@dol.gov or by fax to (202) 219-0204.

The proposal is scheduled to be published in the Oct. 23, 2003 **Federal Register**.

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